



TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 02-010	2. STATE Pennsylvania
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2002	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Subpart C		7. FEDERAL BUDGET IMPACT: a. FFY 2002 \$ 0 b. FFY 2003 \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19A, Page 21b		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19A, Page 21b	
10. SUBJECT OF AMENDMENT: Disproportionate Share Payment to hospitals, licensed by the state of Pennsylvania to offset uncompensated care.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Review and approval authority has been delegated to the Department of Public Welfare			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Commonwealth of Pennsylvania Department of Public Welfare Office of Medical Assistance Programs Bureau of Policy, Budget and Planning P.O. Box 8046 Harrisburg, Pennsylvania 17105	
13. TYPED NAME: Feather O. Houstoun			
14. TITLE: Secretary of Public Welfare			
15. DATE SUBMITTED: 9/24/02			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 9/27/02		18. DATE APPROVED: 3/24/03	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/1/02		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: CHARLENE BROWN		22. TITLE: Deputy Director, CMSO	
23. REMARKS: Pen Ink change to effective date per conversation with Trish Yoder			

Ms. Claudette V. Campbell
Associate Regional Administrator
Division of Medicaid and State Operations
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Suite 216, The Public Ledger Building
150 South Independence Mall West
Philadelphia, Pennsylvania 19106

Dear Ms. Campbell:

I am writing to advise you that the Department of Public Welfare is amending our Medicaid State Plan. Enclosed is Transmittal Form HCFA-179 and page 21b of Attachment 4.19A.

On May 21, 2002, the Centers for Medicare and Medicaid Services approved State Plan Amendment (SPA) 01-008. SPA 01-008 established additional classes of disproportionate share payments for hospitals that incur significant uncompensated care costs or that experience a high volume of inpatient cases, the cost of which exceeds twice the hospital's average cost per stay for all patients. The purpose of SPA 02-010 is to clarify that these additional classes of disproportionate share payments are intended for hospitals licensed by the state of Pennsylvania.

ASSURANCES

The following assurances are provided in accordance with 42 CFR § 447.272.

UPPER PAYMENT LIMITS - SECTION 447.272(a): The Commonwealth assures HCFA that aggregate payments to hospitals do not exceed the amount that can reasonably be estimated would have been paid under Medicare payment principles.

UPPER PAYMENT LIMITS - SECTION 447.272(b): The Commonwealth assures HCFA that aggregate payments to State operated hospitals do not exceed the amount that can reasonably be estimated would have been paid under Medicare payment principles.

UPPER PAYMENT LIMITS - SECTION 447.272(c): The Commonwealth assures HCFA that the aggregate State disproportionate share hospital payments do not exceed the disproportionate share hospital payment limits specified in 42 CFR 447.296 through 447.299.

If you have any questions concerning these issues, please contact the Bureau of Policy, Budget and Planning at (717) 772-6341.

Sincerely,



Feather O. Houstoun

Enclosure

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – INPATIENT HOSPITAL CARE

Additional Disproportionate Share Payments

Effective July 1, 2001, the Department will make an additional disproportionate share payment to hospitals, licensed by the state of Pennsylvania, that incur significant uncompensated care costs or that experience a high volume of inpatient cases, the cost of which exceeds twice the hospital's average cost per stay for all patients.

Hospital Uncompensated Care Payment

The Department will annually compensate facilities, licensed by the state of Pennsylvania, which provide a disproportionate share of uncompensated care. A facility qualifies for this payment if the facility's total percentage of the factors listed below is at or above the median for all facilities.

- The facility's uncompensated care as a percentage of net patient revenue as reported to the Pennsylvania Health Care Cost Containment Council (PHC4) over the three most recent fiscal year period.
- The facility's percentage of SSI days to total inpatient days over the three most recent fiscal year period.
- The facility's percentage of MA days to total inpatient days over the three most recent fiscal year period.

The Department will annually determine a payment percentage for each individual qualifying facility by comparing it to all qualifying facilities.

Hospital Extraordinary Expense Payment

A facility, licensed by the state of Pennsylvania, qualifies for this payment if they do not qualify for a Hospital Uncompensated Care payment or have elected to receive this payment in lieu of the Hospital Uncompensated Care payment and the facility provided uncompensated care to a patient with extraordinary expenses in the most recent fiscal year for which data is available. Extraordinary expenses are those that exceed twice the hospital's average cost per stay for all patients.

Payment to the facility shall equal the lesser of the cost of:

- The extraordinary expense claim; or
- The prorated amount of each facility's percentage extraordinary expense costs, as applied to the total funds available for these payments.